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## Office Memorandum • UNITED STATES GOVERNMENT

TO : Assistant Director, Research and Reports  
 THRU : Chief, Geographic Area *RGD*  
 FROM : Chief, Geography Division

DATE: 29 March 1957

SUBJECT: CIA/RR-G-15, Comments On

*noted. Unless the matter is brought up again, I'm dropping the problem as recognized by those concerned.*  
*RGD*

1. A careful comparison of the data in G-15 and PR-70 on the Molotovsk shipyard indicates complete or essentially complete agreement on a score of points. The main element of difference is the figure for maximum annual construction capacity which is higher in G-15. A subsequent discussion with a member of the Shipbuilding Branch disclosed this to be the case.

2. To set this problem in its proper framework, it should be emphasized at the outset that there is no figure on the actual construction capacity of the shipyard. All available figures are estimates derived on the basis of assumptions that use numerous analogies from experiences in US shipyards on the skills of the labor force, supply procedures, methods of construction, etc. The margin of error is considerable, and there is a good deal of controversy on methodology. In fact, the EIC Shipbuilding Subcommittee is currently preparing a paper on methodology for estimating ship construction capacities. Because of the inability to achieve agreement on methodology, two methods are being adopted. Method No. 1 is being devised to satisfy the requirements of the Navy Department for maximum potential capacity, whereas Method No. 2 is intended to cover the requirements for economic studies on current production capacities.

3. PR-70 does provide estimates for a "theoretical but realistic program" for the construction of naval or cargo vessels at the Molotovsk shipyard. However, in deriving these estimates, PR-70 arbitrarily confines itself to the assumption that the yard is operating on a single-shift basis. Yet, PR-70 itself acknowledges that work was reported to be carried on in three shifts as late as 1949 -- presumably the date of latest information on this subject.

4. In working up the brief on this yard, our analyst found PR-70's estimate on a one-shift basis to be a bit too theoretical and decided to use the ONI estimate -- the only estimate available on the maximum capability.

5. The matter thus resolves itself into a question of judgment on the part of the responsible analyst. We feel that his decision was logical and correct in view of the scope of his assigned problem. G-15 was not intended to be an exhaustive discussion limited to the present-day

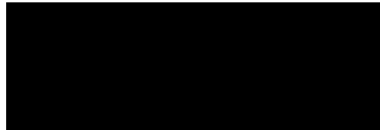
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situation, but rather a brief survey outlining the maximum capabilities in a strategic area of the USSR. An analogy on airfields may serve to illustrate our point of view. Let us say that an airfield has been recently constructed in the Soviet Arctic and is now being used by two or three two-engine transports a week. However, the layout and facilities of the field also permit its use by 20 or 30 heavy bombers simultaneously. The purpose of G-15 is to focus on the latter fact -- its maximum potential, rather than its current limited utilization.

6. Finally, the Molotovsk shipyard capacity figure that was used in G-15 is the one that Navy still adheres to as their official estimate for the Molotovsk shipyard.

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